

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

16 Pending before this Court is Defendant Eclipse IP's motion for sanctions. The
17 motion has been fully briefed by the parties. After a careful consideration of the pleadings
18 and relevant exhibits submitted, and for the reasons set forth below, this Court DENIES
19 Defendant's motion.

BACKGROUND

21 On August 15, 2013, Plaintiff filed a complaint against Defendant for service mark
22 infringement, false designation of origin, unfair competition and dilution. See Doc. No.
23 1. On November 7, 2013, Defendant filed a motion to dismiss for failure to state a claim
24 upon which relief can be granted. See Doc. No. 8. Plaintiff filed a motion for preliminary
25 injunction on March 27, 2014. See Doc. No. 12. This Court granted Defendant's motion
26 to dismiss and denied Plaintiff's preliminary injunction. See Doc. No. 19. Thereafter,
27 Defendant filed the instant motion for sanctions. See Doc. No. 20. Plaintiff filed an
28 opposition to the motion and Defendant filed a reply. See Doc. Nos. 23, 25. This Court

1 took the motion under submission without oral argument pursuant to Local Rule 7.1(d.1).

2 **DISCUSSION**

3 Defendant argues Plaintiff and its attorneys “frivolously, unreasonably, vexatiously,
 4 and in bad faith filed a baseless motion for preliminary injunction against Eclipse IP.”
 5 Motion at 5. Defendant seeks sanctions pursuant to Rule 11 of the Federal Rules of Civil
 6 Procedure, 28 U.S.C. § 1927, and the Court’s inherent authority.

7 **I. Legal Standard**

8 **A. Rule 11**

9 Pursuant to Federal Rule of Civil Procedure 11, “[e]very pleading, written motion
 10 and other paper shall be signed by at least one attorney of record ... or by a party
 11 personally, if the party is unrepresented.” FED. R. CIV. P. 11(a). Rule 11 imposes a duty
 12 on attorneys or unrepresented parties, to certify by their signature that: (1) they read the
 13 pleadings or motions they filed; (2) the pleading or motion is “not being presented for any
 14 improper purpose, such as to harass or to cause unnecessary delay or needless increase in
 15 the cost of litigation;” (3) is “warranted by existing law or by a nonfrivolous argument for
 16 the extension, modification, or reversal of existing law or the establishment of new law;”
 17 and (4) “the factual contentions have evidentiary support.” FED. R. CIV. P. 11(b); Smith
 18 v. Ricks, 31 F.3d 1478, 1488 (9th Cir. 1994). The purpose of this rule is to curb baseless
 19 filings. Cooter & Gell v. Hartmarx Corp., 496 U.S. 384, 397-98 (1990).

20 Rule 11 imposes an objective test. Paciulan v. George, 38 F. Supp. 2d 1128, 1144
 21 (N.D. Cal. 1999) (citing Zaldivar v. City of Los Angeles, 780 F.2d 823, 831 (9th Cir.
 22 1986), *abrogated on other grounds*, 496 U.S. 384 (1990)). “The certification requirements
 23 of Rule 11 are violated ‘if the paper filed ... is frivolous, legally unreasonable or without
 24 factual foundation, even though ... not filed in subjective bad faith.’” Paciulan, 38 F. Supp.
 25 2d at 144 (quoting Zaldivar, 780 F.2d at 831). Under this approach, a pleading or motion
 26 is not “warranted by law” where no “‘plausible, good faith argument can be made by a
 27 competent attorney’ in support of the proposition asserted.” Id. (quoting Zaldivar, 780
 28 F.2d at 833). The court determines whether there was an improper purpose after reviewing

1 the facts and the law. Id.

2 **B. 28 U.S.C. § 1927**

3 28 U.S.C. section 1927 provides for an award of costs, expenses and attorney's fees
 4 against "[a]ny attorney. . . who so multiplies the proceedings in any case unreasonably and
 5 vexatiously." Imposing sanctions under section 1927 requires a finding of bad faith. See
 6 In re Keegan management Co., Securities Litigation, 78 F.3d 431. "Bad faith is present
 7 when an attorney knowingly or recklessly raises a frivolous argument or argues a
 8 meritorious claim for the purpose of harassing an opponent." Id.

9 **C. Court's Inherent Authority**

10 A court may issue sanctions under its inherent power when an attorney "act[s] in
 11 bad faith, vexatiously, wantonly,... for oppressive reasons." or for "wilfull[.] abuse [of]
 12 judicial processes." Roadway Exp., Inc. v. Piper, 447 U.S. 752, 766 (1980); Gomez v.
 13 Vernon, 255 F.3d 1118, 1133-34 (9th Cir. 2001). The court's "inherent power extends
 14 to a full range of litigation abuses." Fink v. Gomez, 239 F.3d 989, 992 (9th Cir. 2001).
 15 Where an attorney's conduct does not fall squarely under any statutory provision
 16 authorizing sanctions, the court may resort to its inherent authority to fashion a remedy.
 17 See Chambers v. NASCO, Inc., 501 U.S. 32, 50 (1991); see also Fink, 239 F.3d at 992
 18 (Ninth Circuit acknowledges the "continuing need for resort to the court's inherent power,
 19 because it is "both broader and narrower than other means of imposing
 20 sanctions") (citation omitted). However, the Ninth Circuit has held that a court must
 21 make a specific finding of "bad faith or conduct tantamount to bad faith" to impose
 22 sanctions under its inherent power. Gomez, 255 F.3d at 1134; Fink, 239 F.3d at 994.
 23 Although recklessness alone is not enough, recklessness combined with an additional factor
 24 such as frivolousness, harassment, or an improper purpose can constitute bad faith. See
 25 B.K.B. v. Maui Police Dept., 276 F.3d 1091, 1108; Fink, 239 F.3d at 994.

26 **II. Analysis**

27 Defendant argues sanctions under Rule 11 are proper because Plaintiff's one-and-a-
 28 half page motion for preliminary injunction was frivolous and brought for an improper

1 purpose. Defendant contends the motion for preliminary injunction contained “no legal
 2 analysis, no factual analysis, and no evidence whatsoever that it is entitled to the relief
 3 requested” and failed to address two of the four factors set forth in Winter v. Natural
 4 Res. Def. Council, Inc., 555 U.S. 7, 22 (2008), necessary for receiving a preliminary
 5 injunction. Defendant further contends Plaintiff is a law firm comprised of experienced
 6 litigators who previously filed motions seeking a preliminary injunction which included
 7 factual allegations and citations to the record. Defendant argues Plaintiff knows what is
 8 necessary to prevail on a preliminary injunction motion but it ignored the requirements
 9 here because it had no intention of succeeding. Defendant maintains the preliminary
 10 injunction motion at issue was frivolous and vexatious and in bad faith.

11 Defendant further argues sanctions are proper under 28 U.S.C. section 1927
 12 because Plaintiff filed an unnecessary and frivolous motion with no chance of success, and
 13 unreasonably failed to respond to Defendant’s request to drop the motion given the lack
 14 of evidentiary support. Defendant maintains Plaintiff’s conduct unreasonably and
 15 vexatiously multiplied the proceedings.

16 Additionally, Defendant argues the Court has the inherent authority to impose
 17 sanctions for Plaintiff’s conduct of filing a motion for a preliminary injunction in bad faith
 18 knowing there were no facts to support the relief against Defendant.

19 In opposition, Plaintiff contends it discussed two of the Winter factors and believe
 20 it was unnecessary to discuss the remaining factors in the motion. Plaintiff argues its
 21 failure to discuss two of the four factors in Winter is not conduct deserving of sanctions.
 22 Plaintiff maintains the Court was required to weigh the evidence and analyze the factors,
 23 but it did not because it determined there were insufficient allegations of commercial use
 24 in the complaint. Plaintiff maintains it was correct when it stated in its motion that if the
 25 Court disagrees with Defendant’s position in the motion to dismiss, Plaintiff is entitled to
 26 prevail on the merits of the motion. Plaintiff also maintains its motion set forth evidence
 27 that “conclusively established” it was entitled to a preliminary injunction. Pla’s Opp. at
 28 7.

1 Plaintiff further argues the Court's granting of Defendant's motion to dismiss is
 2 "arguably in error."¹ Id. at 8. Plaintiff appears to suggest the Court's dismissal of the
 3 complaint with leave to amend demonstrates Rule 11 sanctions are not warranted because
 4 the failure of the motion for preliminary injunction was based upon the complaint being
 5 insufficiently pled. Plaintiff further asserts, "[n]otwithstanding the fact that the Court
 6 agreed with Defendant's positions regarding the original Complaint and its motion for
 7 preliminary injunction, it is respectfully suggested the Defendant's positions are contrary
 8 to common sense" and suggest's Defendant's request for sanctions is unconscionable. Id.
 9 at 12.

10 Plaintiff also argues the law does not support an award of sanctions because it "did
 11 an in-depth investigation into Defendant's conduct," and its purpose in seeking an
 12 injunction was to protect itself from Defendant's use of its mark.

13 In reply, Defendant asserts, contrary to Plaintiff's argument, Plaintiff had the
 14 burden of establishing all four factors set forth in Winters, not the Court or the facts of
 15 the case. Defendant maintains Plaintiff suggests it had no obligation to provide the Court
 16 facts, law or analysis in support of its motion but Plaintiff's motion for preliminary
 17 injunction provided nothing to allow the Court to reach a conclusion in its favor.
 18 Additionally, Defendant argues Plaintiff relied on the allegations of the complaint in
 19 support of its motion for preliminary injunction which are not evidence.

20 Defendant argues Plaintiff filed a motion seeking the extraordinary relief of a
 21 preliminary injunction that was not supported by the law or the facts and that was so
 22 deficient that it could never be granted. Defendant maintains it did so knowing full well
 23 what a motion for a preliminary injunction requires and forced Defendant and the Court
 24 to waste time considering it, the Defendant was burdened with responding to it, and the
 25 Court wasted time having to rule upon it. Defendant argues the motion was both
 26 objectively and subjectively unreasonable, and epitomizes the type of motion that should

27
 28 ¹Plaintiff includes a considerable discussion regarding Defendant's use of the mark
 which is not relevant to the issue before this Court in the instant motion for sanctions.

1 subject the filer to sanctions.

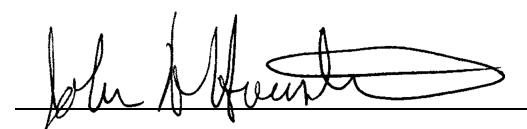
2 Despite Plaintiff's contention it "conclusively established" its entitlement to a
 3 preliminary injunction, Plaintiff's motion for a preliminary injunction wholly lacked
 4 evidentiary support and contained no analysis, factual or legal.² Its failure to set forth any
 5 analysis or evidence imposed an unfair burden on Defendant when it was required to
 6 respond to the deficient motion. The Court agrees the deficient motion suggests reckless
 7 conduct by Plaintiff in light of the fact Plaintiff is a law firm comprised of and represented
 8 by experienced litigators with sufficient knowledge of the requirements for seeking a
 9 preliminary injunction. See Def's Exhs. 2, 3 (Doc. No. 20-2). However, the Court finds
 10 insufficient evidence to support or infer an improper purpose or bad faith to warrant
 11 sanctions. Further, while Plaintiff failed to assert any argument in support of its motion
 12 for preliminary injunction, the Court finds it is not clear that Plaintiff could make no
 13 "plausible, good faith argument" in support of the proposition it asserted in its motion. As
 14 such, sanctions are not warranted.

15 **CONCLUSION**

16 Based on the foregoing, IT IS HEREBY ORDERED Defendant's motion for
 17 sanctions is **DENIED**.

18

19 Dated: March 24, 2015

20 
 21 JOHN A. HOUSTON
 22 United States District Judge

23

24 ²Instead, Plaintiff appeared to rely completely on the allegations of the complaint.
 25 See Pla's Preliminary Injunction Motion at 1 ("Should this Court not agree with
 26 Defendant's legal position [in its motion to dismiss], Plaintiff clearly is entitled to prevail
 27 on the merits."). Plaintiff now suggests the Court erred in not weighing the evidence or
 28 providing an analysis when it denied its motion. However, Plaintiff provided no evidence
 or facts and it is not the Court's role to make arguments on behalf of any party. The Court
 found Plaintiff failed to raise "serious questions" going to the merits of its claim and
 properly denied the meritless motion. See Order at 7 (citing Vanguard Outdoor, LLC v.
City of Los Angeles, 648 F.3d 737, 740 (9th Cir. 2011) (holding that a court need not
 address other preliminary injunction factors if the plaintiff fails to raise even "serious
 question" going to the merits.)).